

TOWNSHIP OF HOLMDEL

FOURTH ROUND: AFFORDABLE HOUSING SPENDING PLAN

The Township of Holmdel (hereinafter the “Township”), Monmouth County, has prepared a Housing Element and Fair Share Plan that addresses its Fourth Round fair share obligation of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Fair Housing Act (FHA) (N.J.S.A. 52:27D-301) and N.J.A.C. 5:99 et seq.. The Township began collecting development fees in 1995, after its initial Development Fee Ordinance was adopted by the Township, which was approved by the Council on Affordable Housing (COAH). The balance of the fund as of May 31, 2025 was \$7,203,099.

As of May 31, 2025, Holmdel collected a total of \$15,193,694 in development fees, \$1,823,037 in interest, and \$7,252,009 from other income including in-lieu payments of constructing affordable housing. All development fees, “other” income, and interest generated by the fees are deposited in one (1) separate interest-bearing account dedicated toward the creation of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:99 et seq., as described in the sections that follow.

In December of 2025, the New Jersey Department of Community Affairs (DCA) promulgated new regulations establishing new standards for how monies deposited into an affordable housing trust fund can be spent. This spending plan is submitted to the Superior Court of New Jersey for approval to expend Affordable Housing Trust Fund monies that will contribute to the rehabilitation program, extension of controls and the 100% affordable housing project. In addition, the Township will expend funds on affordability assistance (including infrastructure grants), including expenditures to create very-low income units or to render existing units more affordable, and toward administrative expenses.

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of Fourth Round, Holmdel considered the following:

(a) **Development fees:** **\$5,000,000**

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development.

(b) **Payment in lieu (PIL):** **\$0**

Payment in lieu funds mean actual and committed payments in lieu of construction from developers.

(c) **Other funding sources:** **\$0**

The Township does not anticipate future funds from this category.

(d) **Projected interest:** **\$250,000**

Based on interest earned in recent years and projected rates of development fee revenue, Holmdel anticipates collecting \$250,000 in interest through 2035.

Holmdel Township projects a subtotal of \$5,250,000 to be collected between June 1, 2025 and June 30, 2035, including interest, to be used for affordable housing purposes. The total, after adding the funds currently in the account, is projected to be \$12,453,099. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Holmdel Township:

a) Collection of development fee revenues:

All collection of development fee revenues will be consistent with local regulations which follow N.J.A.C 5:99 et seq.

(b) Distribution of development fee revenues:

The governing body may hear and decide upon a request for development fee revenues for the purpose of creating affordable housing. The governing body reviews the request for consistency with the Spending Plan and adopts the recommendation by resolution.

The release of funds requires the adoption of the governing body resolution. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(c) Rehabilitation: \$20,000

Holmdel Township has a one (1) unit rehabilitation obligation and intends to satisfy that obligation through the existing Township run Rehabilitation Program and participation in the Monmouth County Rehabilitation Program. The Township will devote the funds for rehabilitation assistance to the upgrade of a substandard unit for income-eligible homeowners qualified through the county program in accordance with N.J.A.C. 5:99 et seq.

(d) Affordability Assistance

N.J.S.A. 52:27D-329.1 requires a municipality to set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to very-low-, low-, and moderate-income households in affordable units included in the municipality's fair share plan. In contrast to COAH's regulations, which required 30 percent of a trust fund to be devoted to affordability assistance, neither the Fair Housing Act, as amended in 2024, nor the DCA regulations adopted to implement the legislation imposed any minimum percentage of the trust fund that must be available for affordability assistance. Given the difficulty municipalities had in spending so much on affordability assistance and the value of having more money to spend on other worthy affordable housing projects, this change made sense.

Accordingly, consistent with the amended FHA and the 2025 DCA regulations, Holmdel Township will devote 10 percent of development fee revenue to render affordable units more affordable and at least one-third of that amount must be dedicated to very low-income households or to create very low-income units (i.e. households with incomes less than 30 percent of the regional median income). The actual affordability assistance minimums should be calculated based on actual revenues.

Projected Minimum Affordability Assistance Requirement		
Actual Development Fees Collected through 5/31/25		\$15,193,694
Development Fees Projected 2025-2035	+	\$5,000,000
Less Housing Activity Expenditures	-	\$14,659,295
Total	=	\$5,534,399
Ten Percent (10%)	x 0.10 =	\$553,439
Less Affordability Assistance Expenditures through 4/30/25	-	\$0
Balance	=	\$553,439
Projected Minimum Affordability Assistance Requirement	=	\$553,439
Projected Minimum Very Low-Income Requirement	÷ 3 =	\$184,479

Based on fees and interest collected to date and projected revenues, Holmdel Township will dedicate at least \$553,439 from the affordable housing trust fund to render units more affordable, including \$184,479 to render units more affordable to households with income at 30 percent or less of median income by region. Please refer to the existing affordability assistance program manual for details of how the affordability assistance funds are anticipated to be used. It may use a variety of vehicles to do this including, but not limited to the following:

- Emergency Repair Program;
- Down-payment assistance;
- Rental assistance;
- Security deposit assistance;
- Moving expenses;
- Low interest loans;
- Assistance with homeowners' association or condominium fees and special assessments; and/or
- Converting low-income units to very-low-income units or creating new very-low income units, etc.

The Township will work with its affordable housing providers and administrator to expand outreach to ensure the existing and new households of very-low-, low- and moderate-income programs can take advantage of affordability assistance programs. Additionally, the Township will work with affordable housing providers to convert low income units to very low-income units.

(e) Administrative Expenses

Holmdel Township may use Affordable Housing Trust Fund revenue for related administrative costs up to a 20 percent limitation pending funding availability after programmatic and affordability assistance expenditures. The actual administrative expense maximum is calculated on an ongoing basis based on actual revenues.

Projected Administrative Expenses		
Actual Development Fees Collected through 5/31/2025		\$15,193,694
Actual Interest Collected through 5/31/2025	+	\$1,823,037
Payments-in-lieu of construction and other deposits through 5/31/2025	+	\$12,453,099
Development Fees Projected 2025-2035	+	\$5,000,000
Payments In Lieu Projected 2025-2035	+	\$0
Interest Projected 2025-2035	+	\$250,000
Total	=	\$34,719,830
20 Percent Maximum Permitted Administrative Expenses	x 0.20 =	\$6,943,966
Less Administrative Expenditures through 4/30/25	-	\$2,406,346
Projected Allowed Administrative Expenditures	=	\$4,537,620

Holmdel Township projects that while \$4,537,620 may be available from the affordable housing trust fund to be used for administrative purposes, is anticipated to spend not more than \$1M for administrative purposes. Projected administrative expenditures are subject to the 20 percent cap and therefore should be paid back into the trust fund if the administrative costs exceed 20% of the fund balance. Allowable administrative costs are as follows, provided they do not exceed the 20 percent cap:

- Township Attorney, Engineer, and Planner fees related to plan preparation and implementation, and to obtaining Judgment of Compliance and Repose;
- Administration fees related to rehabilitation, extension of expiring controls, affordability assistance programs, and municipally-sponsored construction programs;
- Affirmative Marketing;
- Income qualification of households; and

- Administration of Township’s Affordable Housing Units.

EXPENDITURE SCHEDULE

Holmdel Township intends to use Affordable Housing Trust Fund revenues for extension of controls, rehabilitation program and the municipally-sponsored 100% project. In addition the funds will be used for affordability assistance including the creation of very-low income units and making existing units more affordable, and administration expenses (as permitted).

Projected Expenditure Schedule 2025 Through 2035

Program	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Affordability Assistance	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$55.3k	\$553k
New Construction	\$3M	\$1.5M	\$1.25M	\$678k	\$10.5M						
Rehabilitation	\$20k	-	-	-	-	-	-	-	-	-	\$20k
Extension of Controls	\$100k	\$120k	-	\$20k	-	-	\$20k	\$80k	-	-	\$340k
Administration	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$1M
TOTAL	\$3.27M	\$1.77M	\$1.4M	\$853k	\$833k	\$833k	\$853k	\$913k	\$833k	\$833k	\$12.4M

EXCESS OR SHORTFALL OF FUNDS

If a shortfall of anticipated revenues occurs, Holmdel will bond or otherwise fund to satisfy the gap in funding. The Township reserves the opportunity to amend its Housing Element and Fair Share Plan, as well as this Spending Plan, to revise or create additional affordable housing opportunities.

SUMMARY

The Township of Holmdel intends to spend Affordable Housing Trust Fund revenues pursuant to the extent regulations governing such funds and consistent with the housing programs outlined in the 2025 Fourth Round Housing Plan Element and Fair Share Plan. Holmdel had a balance of \$7,203,099 as of May 31, 2025 and anticipates an additional \$5,250,000 in revenues and interest before the expiration of a Fourth Round Judgment of Repose for a total of \$12,453,009.

Spending Plan Summary	
Revenues	
Balance as of April 30, 2025	\$7,203,099
Projected Revenue from 2025 through 2035	\$5,250,000
1. Development Fees	+ \$5,000,000
2. Payments-In-Lieu of Construction	+ \$0
3. Other Funds	+ \$0.00
Interest	+ \$250,000
Total Projected Balance	= \$12,453,009
Expenditures	
Affordability Assistance	- \$553,439
New Construction	- \$10,539,570
Extension of Credits	- \$340,000
Rehabilitation (1)	- \$20,000
Administration	- \$1,000,000
Total Projected Expenditures	= \$12,453,009
Remaining Balance	= \$0.00